



Commissioners
KELVIN L. SIMMONS
Chair

CONNIE MURRAY

SHEILA LUMPE

STEVE GAW

BRYAN FORBIS

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102

573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.state.mo.us>

November 29, 2001

ROBERT J. QUINN, JR.
Executive Director

WESS A. HENDERSON
Director, Utility Operations

ROBERT SCHALLENBERG
Director, Utility Services

DONNA M. PRENGER
Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

The Honorable Bob Holden
Governor
State Capitol Building
Jefferson City, Missouri 65101

Governor Holden:

The Public Service Commission continues to face new and exciting challenges in an ever changing regulatory environment. Our mission, however, remains one of assuring that Missouri consumers receive safe, adequate, efficient and affordable services while allowing those utility companies under our jurisdiction an opportunity to earn a reasonable return on their investment. The Commission and staff are dedicated to fulfilling these public interest goals.

The Commission remains concerned about unusually high natural gas prices last winter and extremely cold weather in November and December of 2000, which resulted in extraordinary natural gas bills. We have been very active in seeking additional federal funding for those who are either currently disconnected from their natural gas service or who face disconnection for non-payment. We have strongly encouraged those currently disconnected to seek reconnection of that service prior to the winter heating season. In addition, the Commission issued an emergency amendment to the Cold Weather Rule in an attempt to help those without natural gas service due to non-payment.

In the midst of the natural gas price crisis of the 2000-2001 winter, the Commission also named a special task force to evaluate the gas cost recovery practices of local natural gas companies. A task force report filed in August provided the Commission with a number of recommendations. The Commission has already directed its staff to move forward on some of these recommendations. A number of these recommendations also have the support of the Governor's energy task force.

Subsequent to the tragic events of September 11, 2001, the Commission quickly opened a case (OO-2002-202) to receive information from Missouri utilities regarding their preparedness for disaster and emergency situations including terrorist threats or attacks. In addition, our staff remains in close contact with various state emergency organizations and continues to closely monitor the situation.

I hope that you will find our report to be informative. I am pleased to submit it to you in order that you can see, in more detail, the Commission's work for the 2001 fiscal year.

Sincerely,



Kelvin L. Simmons